

April 10, 2003

LEG 2003-0208

The Honorable Robert Pernell  
The Honorable Arthur Rosenfeld  
California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814-5512

**Re: Cosumnes Power Plant (01-AFC-19) -- SMUD Status Report and Request for Expedited Biological Resources and Alternatives Hearing**

Dear Commissioners:

On behalf of the Sacramento Municipal Utility District (SMUD), I want to thank Presiding Member Pernell and Hearing Officer Shean for expediting the release of the Final Staff Assessment (FSA) in February 2003 and the evidentiary hearings in March 2003 on all of the Cosumnes Power Plant (CPP) project application for certification (AFC) topics other than Biological Resources and Alternatives. The purpose of this letter is two-fold: (1) to update you on the substantial progress SMUD has made with the project permitting, engineering, equipment purchase and construction plans; and (2) to request your assistance in scheduling dates for the final evidentiary hearings on Biological Resources, Alternatives, and other topics carried over from the March evidentiary hearings.

**I. UPDATE ON PROJECT LICENSING, ENGINEERING, EQUIPMENT PURCHASE AND CONSTRUCTION PLANS**

**A. LICENSING**

On April 3, 2003, the U.S. Fish and Wildlife Service (USFWS) indicated to the CEC staff that they have sufficient information to make a determination of their consultation regarding the Biological Resources section of our license. The CEC staff has now agreed to issue the remaining FSA sections on Biological Resources and Alternatives **no later than Tuesday, April 22, 2003**. As a result, SMUD is now ready to schedule the remaining hearings on Biological Resources, Alternatives, and the other topics left over from the March hearings. SMUD proposes some dates for these hearings and submittal of other parties' testimony below.

## B. ENGINEERING

The overall schedule for the CPP project assumed a 12-month licensing process, plus some contingency time and a two-year construction period for an on-line date in the first quarter of 2005. As a result of this schedule and the need to integrate procurement with construction, the engineering for the project has been advanced well beyond what is typical during the licensing process. Engineering decisions have necessarily been based on the staff-proposed conditions to allow construction to start immediately should the CEC grant a license for this project. Had SMUD not proceeded in this manner, both construction and operation would have been delayed by one year or more.

## C. EQUIPMENT PURCHASE

All of the major equipment, including the gas turbines, the steam turbine, the heat recovery steam generators, and much of the custom engineered equipment has now been purchased and is being fabricated. This was done in accordance with the schedule discussed earlier, and the long lead times for much of this equipment. The steam turbine, for example, has a two-year cycle from order to delivery. Because of delays in the original licensing and construction schedule, SMUD needs to receive and store much of this equipment for extended periods, starting this summer. Had SMUD not proceeded with equipment procurement in this manner, construction and operation would have been delayed by one year or more.

## D. CONSTRUCTION

Bids have now been received from pipeline constructors in accordance with the terms of the Project Labor Agreement (PLA) adopted by the SMUD Board in November 2002. SMUD intends to award this contract within the next two months in order to keep the pipeline construction on track to begin in Summer 2003. If SMUD does not do this, then the pipeline construction would be delayed until Summer 2004, and project completion and operation until 2006. The bids for the site turnkey construction work are due later this month, so that an award can be made in time to perform test piling, manufacture piles and start work should the CEC grant a license for this project.

# II. PROPOSED SCHEDULE FOR REMAINING HEARINGS AND PMPD

As we have indicated before, the Cosumnes Power Plant will be a major supplier of power and especially voltage support for all of Northern California. SMUD is very concerned about the availability of power in Northern California for the Summer of 2005. Every day remaining in the licensing process is now critical if SMUD is to realize the goal of supplying needed energy and voltage support for the SMUD service area and Northern California by Summer 2005. To minimize impacts to biological resources, the pipeline must be constructed during the narrow window of two summer seasons. If SMUD misses the upcoming summer season, it is likely SMUD will miss the on-line target of Summer 2005.

Consequently, it is critical that SMUD obtain all necessary permits to start construction of the power plant and related natural gas pipeline as early as possible this summer. As a result, we are requesting the CEC staff's and the Committee's assistance in taking all reasonable steps to expedite the remainder of the AFC process. CEC staff has indicated that it can assist by issuing the FSA sections on Biological Resources and Alternatives **no later than April 22, 2003**.

In summary, SMUD requests that the Committee establish a schedule that incorporates the deadline for the FSA sections on Biological Resources and Alternatives mutually agreed upon by the CEC staff and SMUD, as well as the following dates for the remaining evidentiary hearings on Biological Resources, Alternatives, and topics continued from the March hearings:

FSA section on Biology/Alternatives filed	Tuesday, April 22, 2003
SMUD testimony filed on Biology/Alternatives/other topics	Tuesday, April 29, 2003
Intervenor testimony filed on Biology/Alternatives/other topics	Monday, May 5, 2003
Evidentiary Hearings (Biology, Alternatives, left over topics)	Monday, May 12, 2003 – Tuesday, May 13, 2003

SMUD requests that a hearing order be issued at your earliest convenience so that the intervenors as well as SMUD and CEC Staff can complete their testimony prior to the hearings.

Thank you for your assistance in this matter.

Sincerely,

/ Original signed /

Steve Cohn  
Assistant General Counsel

/ck

cc: Service List for CEC Docket No. 01-AFC-19  
Corporate files